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# CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM

ALEXANDRIA, LOUISIANA

DECEMBER 31, 2001

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6/19/02

**CITY OF ALEXANDRIA EMPLOYEES'  
RETIREMENT SYSTEM**

**DECEMBER 31, 2001**

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
City of Alexandria Employees'  
Retirement System

We have audited the accompanying financial statements of the City of Alexandria Employees' Retirement System, Alexandria, Louisiana, (a pension trust fund of the City of Alexandria, Louisiana) as of and for the year ended December 31, 2001, as listed in the table of contents. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the City of Alexandria Employees' Retirement System (a pension trust fund of the City of Alexandria, Louisiana) and are not intended to present fairly the financial position and results of operations of the City of Alexandria, Louisiana, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial status of the City of Alexandria Employees' Retirement System, as of December 31, 2001, and the change in financial status for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2002, on our consideration of the City of Alexandria Employees' Retirement System's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

MARVIN A. JUNEAU, C.P.A.  
H. FRED RANDOW, C.P.A.  
ERNEST F. SASSER, C.P.A.

ROBERT L. LITTON, C.P.A.  
ROBERT W. DYORAK, C.P.A.  
REBECCA B. MORRIS, C.P.A.

MICHAEL A. JUNEAU, C.P.A.  
JAMES N. BALLARD, C.P.A.  
L. PAUL HODD, C.P.A.





PAYNE, MOORE & HERRINGTON, LLP

Board of Trustees  
City of Alexandria Employees'  
Retirement System

We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements as of and for the years ended December 31, 1996, 1997, 1998, 1999, and 2000 (none of which are presented herein); and we expressed unqualified opinions on those financial statements.

In our opinion, the information set forth in the required supplemental information for each of the six years in the period ended December 31, 2001, appearing on pages 9 through 12, is fairly stated in all material respects, in relation to the basic financial statements from which it has been derived.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying financial information listed as additional information in the table of contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*Payne Moore & Herrington, LLP*  
Certified Public Accountants

April 30, 2002

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
STATEMENT OF PLAN NET ASSETS  
DECEMBER 31, 2001

EXHIBIT A

ASSETS

Cash		\$ 1,716,528
Accrued interest and dividends receivable		648,455
Investments, at fair value:		
Corporate bonds (amortized cost \$21,326,618)	21,225,438	
U.S. treasury obligations (amortized cost \$496,531)	543,806	
Zero coupon treasury receipts (amortized cost \$6,016,261)	7,193,181	
GNMA notes (amortized cost \$438,534)	540,683	
U.S. government agency notes (amortized cost \$6,045,563)	6,201,841	
Corporate stocks		
Preferred stock (cost \$250,000)	248,400	
Common stocks (cost \$21,597,321)	<u>29,167,905</u>	
Total Investments (cost \$56,170,828)		65,121,254
Furniture, fixtures, and equipment, net of depreciation		<u>2,819</u>
Total Assets		67,489,056

LIABILITIES

Payroll taxes withheld	<u>420</u>
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NET ASSETS HELD IN TRUST FOR PENSION BENEFITS

<u>(A schedule of funding progress is presented on page 10)</u>	<u>\$67,488,636</u>
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The accompanying notes are an integral part of the financial statements.

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
STATEMENT OF CHANGES IN PLAN NET ASSETS  
YEAR ENDED DECEMBER 31, 2001

EXHIBIT B

ADDITIONS

Contributions

Employer

\$ 2,414,828

Plan members

1,448,351

Total Contributions

3,863,179

Investment income

Interest

2,086,943

Dividends

472,230

Net appreciation (depreciation) in fair value of investments

(2,856,044)

Total Investment income (loss)

(296,871)

Total Additions

3,566,308

DEDUCTIONS

Plan benefits

4,840,347

Employee refunds

324,343

Transfers to other systems

253,883

Administrative expenses

112,681

Total Deductions

5,531,254

NET INCREASE (DECREASE)

(1,964,946)

NET ASSETS HELD IN TRUST FOR PENSION BENEFITS,  
BEGINNING OF YEAR

69,453,582

NET ASSETS HELD IN TRUST FOR PENSION BENEFITS,  
END OF YEAR

\$67,488,636

The accompanying notes are an integral part of the financial statements.



**CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM**  
**DECEMBER 31, 2001**

**NOTES TO FINANCIAL STATEMENTS**

**1. PLAN DESCRIPTION AND SIGNIFICANT ACCOUNTING POLICIES**

The City of Alexandria Employees' Retirement System (the System) is the administrator of a single-employer defined benefit plan established by Act 459 of the Louisiana Legislature of 1948, as amended, and administered by the City of Alexandria. The System is considered part of the City of Alexandria financial reporting entity and is included in the City's financial reports as a pension trust fund.

The financial statements contained herein present only the City of Alexandria Employees' Retirement System and are not intended to present fairly the financial position and results of operations of the City of Alexandria, Louisiana in conformity with accounting principles generally accepted in the United States of America.

**Plan Description**

Substantially all employees of the City, except firemen and policemen, become members of the System as a condition of employment. At December 31, 2001, System membership consisted of:

Current employees	
Vested	273
Nonvested	267
Terminated members due future benefits	1
Terminated members not due future benefits	99
Retirees and survivors currently receiving benefits	<u>336</u>
Total	976

The following brief description of the System is provided for general information only.

Retirement Benefits - Members with ten years of creditable service may retire at age sixty-two; members with at least twenty years of creditable service may retire at age sixty; members with twenty-five years of service may retire at age fifty-five; members with thirty years of service may retire regardless of age. The retirement allowance is equal to three percent of the member's average compensation multiplied by number of years of creditable service, not to exceed one hundred percent of average compensation. (Average compensation is defined as the highest three year average annual compensation.)

Disability Benefits - Five years of creditable service are required in order to be eligible for disability benefits. Disabled members receive a retirement allowance if they have attained the age of sixty-two. Otherwise, they receive three percent of the final average compensation for each year of service, not to be less than three hundred dollars per year.

**CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM**  
**DECEMBER 31, 2001**

**NOTES TO FINANCIAL STATEMENTS**

Survivor Benefits - Three years of creditable service are required in order to be eligible for survivor benefits. The survivor is entitled to twice the amount of accumulated contributions or two months salary, whichever is greater, plus \$1,000. If the member has completed fifteen or more years of service, the surviving spouse is entitled to an automatic option 2 benefit (an actuarially equivalent joint and full survivor benefit) which ceases if the spouse remarries. In lieu of option 2, the spouse may receive the greater of a refund of twice the member's contributions with interest earnings or two months salary. Widows, who are at least age fifty, of members who die prior to retirement but subsequent to becoming eligible to retire are entitled to automatic option 2 benefits.

Contribution Refunds - Upon withdrawal from service, members not entitled to a retirement allowance are paid a refund of accumulated contributions on request. Receipt of such a refund cancels all accrued rights in the System.

Contribution Rates - Covered employees are required by statute to contribute ten percent of their salary to the System. The City is required by statute to contribute remaining amounts necessary to finance the System at an actuarially determined rate. Benefit and contribution provisions are established by state law and may be amended only by the Louisiana Legislature.

Administrative Costs - Administrative costs of the plan are financed through investment earnings.

**Significant Accounting Policies**

Basis of Accounting - The System's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and when the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Investments - Statutes allow the System to invest in securities issued, guaranteed, or insured by the United States government; bonds and other evidence of indebtedness issued by states or their political subdivisions; stocks, bonds, or other securities or evidence of indebtedness issued by any solvent corporation created under the laws of the United States or any of the states of the United States; and certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana.

Investments are reported at fair value. Corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Securities traded on the national securities exchange are valued at the last reported sales price on the last business day of the plan year. Investments traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the average of the last reported bid and asked prices.



**CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM**  
**DECEMBER 31, 2001**

**NOTES TO FINANCIAL STATEMENTS**

Furniture, Fixtures, and Equipment - Furniture, fixtures, and equipment are valued at cost less accumulated depreciation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related asset, as applicable. Depreciation is computed using the straight-line method over the estimated economic life of the assets.

**2. CASH AND INVESTMENTS**

The System's deposits at year-end were entirely covered by federal depository insurance or by collateral held by the System or its agent in the System's name (GASB Category 1).

All investments are held by the system or its agent in the system's name.

**3. FURNITURE, FIXTURES, AND EQUIPMENT**

A summary of changes in furniture, fixtures, and equipment during the year is presented below:

	Balance 1/1/01	Additions	(Deletions)	Balance 12/31/01
Furniture and fixtures	\$ 4,137	\$ -0-	\$ -0-	\$ 4,137
Computer equipment	10,292	-0-	-0-	10,292
Total	\$ 14,429	\$ -0-	\$ -0-	14,429
Accumulated depreciation				11,610
Net				\$ 2,819

The following estimated lives are used to compute depreciation on the straight-line method.

Furniture and fixtures	7-10 years
Computer equipment	5 years

Depreciation expense recorded in the financial statements for the year ended December 31, 2001 amounted to \$1,619.

**REQUIRED SUPPLEMENTAL INFORMATION**

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
REQUIRED SUPPLEMENTAL INFORMATION  
SCHEDULE OF FUNDING PROGRESS  
(in thousands of dollars)

SCHEDULE 1

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) - Frozen Entry Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
12/31/96	\$ 45,453	\$ 65,383	69.5%	\$ 19,930	\$ 12,678	157.2%
12/31/97	49,313	69,424	71.0%	20,111	13,148	153.0%
12/31/98	55,151	75,371	73.2%	20,220	13,393	151.0%
12/31/99	62,301	82,642	75.4%	20,341	14,231	142.9%
12/31/00	67,268	87,647	76.7%	20,379	13,690	148.9%
12/31/01	68,892	89,248	77.2%	20,356	14,500	140.4%

See independent auditor's report and notes to the required supplemental information on page 12.

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
 REQUIRED SUPPLEMENTAL INFORMATION  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS

SCHEDULE 2

<u>Year</u> <u>Ended</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
12/31/96	\$ 2,348,477	100%
12/31/97	2,441,767	100%
12/31/98	2,450,850	100%
12/31/99	2,527,803	100%
12/31/00	2,479,254	100%
12/31/01	2,414,828	100%

See independent auditor's report and notes to the required supplemental information on page 12.

**CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**

The information presented in the required supplemental schedules was determined as part of the actuarial valuations at the date indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/01
Actuarial cost method	Frozen Entry Age Normal
Amortization method	Level percent closed
Remaining amortization period	18 years
Asset valuation method	Common stock values were determined by using a three year smoothing of realized and unrealized gains and losses with one year retroactive phase in. For all other assets, amortized cost was used.

Actuarial assumptions:

Investment rate of return	8.0%
Projected salary increase	5.5%
Includes inflation at	3.25%
Includes merit raises at	2.25%
Cost-of-living adjustments	None

The accompanying notes are an integral part of the financial statements.



## ADDITIONAL INFORMATION

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS  
YEAR ENDED DECEMBER 31, 2001

SCHEDULE 3

CASH RECEIPTS

Employer contributions	\$ 2,414,828
Member contributions	1,448,351
Interest received	2,122,118
Dividends received	460,170
Proceeds from sale or redemption of investments	<u>6,245,129</u>
Total Cash Receipts	12,690,596

CASH DISBURSEMENTS

Plan benefits	4,840,347
Refunds of contributions	324,343
Transfers to other systems	253,883
Administrative expenses	111,002
Purchase of investments	<u>6,543,812</u>
Total Cash Disbursements	<u>12,073,387</u>

NET INCREASE (DECREASE) IN CASH

617,209

CASH, BEGINNING OF YEAR

1,099,319

CASH, END OF YEAR

\$ 1,716,528

See independent auditor's report.

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
INVESTMENTS - CORPORATE BONDS  
DECEMBER 31, 2001

SCHEDULE 4  
1 of 2

Description	Maturity Date	Interest Rate	Face Value	Amortized Cost	Fair Value
Aetna, Inc.	01/15/17	8.375%	\$ 155,000	\$ 153,704	\$ 156,166
AT&T Corp.	04/01/21	9.000%	135,000	134,890	166,992
Atlantic Richfield	06/01/21	9.200%	115,000	113,692	118,945
Atlantic Richfield	07/15/21	9.400%	300,000	298,744	340,621
Baltimore Gas & Electric	08/15/21	8.625%	100,000	99,333	123,665
Bell Telephone Co. of Pennsylvania	09/15/11	9.500%	200,000	199,891	224,473
Chesapeake & Potomac Telephone Co.	11/01/11	9.375%	250,000	250,000	287,134
Cincinnati Gas & Electric	11/15/17	8.000%	193,000	178,985	186,766
Coca Cola Enterprises	12/01/31	8.625%	400,000	399,148	406,391
Consolidated Edison Company	03/15/04	8.125%	100,000	99,938	108,475
Consolidated Edison Company	01/15/22	8.875%	300,000	297,950	319,865
Dow Chemical	03/01/32	8.750%	100,000	100,000	127,710
Duke Power Company	09/15/22	8.000%	300,000	300,000	343,061
E I duPont deNemours	02/01/22	8.250%	200,000	200,000	237,255
E I duPont deNemours	12/01/22	8.000%	300,000	298,950	295,896
E I duPont deNemours	07/15/24	8.125%	200,000	200,000	197,934
Eastman Kodak	12/01/22	8.000%	300,000	299,213	306,542
Florida Power & Light	02/01/23	7.950%	300,000	298,830	192,000
Florida Power & Light	02/01/23	7.750%	200,000	198,029	198,424
Florida Power Corporation	02/01/23	7.750%	300,000	298,656	294,304
Florida Power Corporation	03/01/33	7.500%	200,000	197,841	200,788
Ford Motor Company	03/01/23	7.250%	200,000	196,119	193,353
Ford Motor Company	03/15/24	7.250%	200,000	196,190	195,955
Ford Motor Company	03/01/26	7.250%	200,000	197,164	194,000
Ford Motor Company	03/15/33	7.375%	200,000	199,463	196,591
Ford Motor Company	03/01/23	7.500%	157,000	157,000	155,402
General Electric Capital Corporation	03/15/24	7.250%	300,000	297,356	293,933
General Motors	07/01/23	7.125%	200,000	199,450	195,468
General Motors	04/15/24	7.250%	100,000	99,274	96,814
General Motors	02/01/33	7.500%	200,000	198,346	196,767
GTE - California, Inc.	07/15/25	7.125%	200,000	195,050	190,000
GTE Corp.	08/15/25	7.000%	200,000	196,518	186,570
GTE Florida, Inc.	11/01/25	6.750%	300,000	297,496	266,507
Illinois Bell Telephone Company	11/01/23	7.300%	200,000	198,181	187,854
Illinois Bell Telephone Company	09/01/25	7.000%	300,000	297,750	287,745
Illinois Bell Telephone Company	09/15/33	6.875%	200,000	194,608	161,799
Jersey Central Power & Light Co.	08/01/26	7.250%	100,000	99,905	97,000
Kimberly-Clark	07/15/25	7.250%	400,000	400,000	392,645
K-Mart	08/15/23	6.875%	200,000	195,577	188,003
Lion Connecticut Holding	12/15/24	6.800%	200,000	195,600	179,440
Mobil Oil	10/01/23	6.875%	300,000	295,050	283,486
Morgan Stanley Group	08/15/23	6.875%	200,000	197,617	188,003
New England Telephone & Telegraph	07/15/25	7.125%	200,000	201,137	190,000
New Jersey Bell Telephone Company	08/15/25	7.000%	200,000	198,702	186,570
New Jersey Bell Telephone Company	02/15/29	7.125%	300,000	298,821	278,340
New York Telephone Company	06/15/23	7.500%	200,000	198,125	182,300
New York Telephone Company	08/15/23	7.250%	200,000	197,750	192,000

See independent auditor's report.

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
INVESTMENTS - CORPORATE BONDS  
DECEMBER 31, 2001

SCHEDULE 4  
2 of 2

Description	Maturity Date	Interest Rate	Face Value	Amortized Cost	Fair Value
New York Telephone Company	02/01/24	7.500%	\$ 200,000	\$ 199,250	\$ 194,860
New York Telephone Company	02/15/24	7.250%	100,000	99,152	98,197
New York Telephone Company	02/15/24	7.250%	100,000	99,156	98,197
Ohio Bell Telephone Company	03/15/28	7.500%	200,000	197,548	191,466
Pacific Bell Telephone Company	07/01/23	7.500%	100,000	95,712	96,033
Pacific Bell Telephone Company	04/15/24	8.070%	200,000	200,000	208,312
Pacific Bell Telephone Company	07/15/24	8.125%	200,000	200,375	197,934
Pacific Gas & Electric	12/01/22	8.000%	200,000	196,611	204,361
Pacific Gas & Electric	06/15/23	7.500%	200,000	188,541	196,313
Phillip Morris	09/18/07	6.700%	500,000	500,000	509,923
Phillip Morris	06/01/24	8.000%	100,000	99,321	102,241
Phillips Petroleum Company	03/01/04	5.750%	750,000	748,182	772,294
Potomac Edison	12/15/22	8.000%	750,000	747,554	734,609
Potomac Edison	02/01/23	7.625%	750,000	732,880	746,742
Potomac Edison	04/15/23	7.920%	750,000	744,111	793,340
Potomac Electric Power Co.	12/15/22	7.850%	400,000	399,091	420,480
Reliant Energy	05/01/23	7.830%	500,000	500,000	513,248
Sears Roebuck	04/15/16	7.700%	500,000	500,000	521,357
Sears Roebuck Acceptance	02/01/23	7.875%	200,000	197,608	204,739
Southern California Edison	07/16/31	7.450%	500,000	500,000	459,743
Southern California Edison	07/16/31	7.450%	600,000	596,468	551,692
Southern California Gas	09/01/25	7.400%	625,000	622,005	593,844
Southwestern Bell Telephone Company	12/01/23	7.000%	250,000	250,000	234,443
Stanley Works	10/01/23	7.200%	500,000	500,000	471,923
U. S. West Communications Company	11/15/25	7.125%	500,000	500,000	444,202
U. S. West Communications Company	09/15/28	6.750%	500,000	497,010	507,650
Union Electric Company	10/15/25	7.250%	<u>1,000,000</u>	<u>1,000,000</u>	<u>967,343</u>
<b><u>TOTALS</u></b>			<b><u>\$ 21,480,000</u></b>	<b><u>\$ 21,326,618</u></b>	<b><u>\$ 21,225,438</u></b>

See independent auditor's report.

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
INVESTMENTS - U.S. TREASURY OBLIGATIONS  
DECEMBER 31, 2001

SCHEDULE 5

Description	Maturity Date	Interest Rate	Face Value	Amortized Cost	Fair Value
U.S. Treasury Bond	5/15/08	8.375%	\$ 300,000	\$ 298,950	\$ 325,409
U.S. Treasury Note	8/15/04	7.250%	200,000	197,581	218,397
<u>TOTALS</u>			<u>\$ 500,000</u>	<u>\$ 496,531</u>	<u>\$ 543,806</u>

See independent auditor's report.



CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
INVESTMENTS - ZERO COUPON TREASURY RECEIPTS  
DECEMBER 31, 2001

SCHEDULE 6

Description	Maturity Date	Yield	Face Value	Amortized Cost	Fair Value
Zero Coupon Treasury Receipt	02/15/02	9.134%	\$ 1,066,920	\$ 1,055,070	\$ 1,064,402
Zero Coupon Treasury Receipt	05/15/03	9.177%	736,700	651,190	708,809
Zero Coupon Treasury Receipt	11/15/12	8.616%	790,000	385,010	579,316
Zero Coupon Treasury Receipt	08/15/04	8.844%	689,768	549,040	624,176
Zero Coupon Treasury Receipt	08/15/03	9.530%	811,980	703,000	773,113
Zero Coupon Treasury Receipt	08/15/14	8.661%	1,013,000	428,000	677,763
Zero Coupon Treasury Receipt	11/15/03	9.161%	1,000,000	843,290	946,645
Zero Coupon Treasury Receipt	08/15/15	7.940%	516,000	178,541	233,257
Zero Coupon Treasury Receipt	02/15/17	8.300%	3,000,000	876,860	1,222,773
Zero Coupon Treasury Receipt	06/01/17	7.000%	1,000,000	346,260	362,927
<b>TOTALS</b>			<b>\$ 10,624,368</b>	<b>\$ 6,016,261</b>	<b>\$ 7,193,181</b>

Yield represents yield to maturity.

See independent auditor's report.

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
INVESTMENTS - GNMA NOTES  
DECEMBER 31, 2001

SCHEDULE 7

<u>Description</u>	<u>Interest Rate</u>	<u>Principal Balance</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
GNMA Notes	9.00%	\$ 194,266	\$ 171,708	\$ 211,830
GNMA Notes	9.50%	114,757	105,968	126,441
GNMA Notes	10.00%	88,121	84,263	98,317
GNMA Notes	10.50%	12,369	10,232	13,950
GNMA Notes	11.00%	7,066	6,355	7,975
GNMA Notes	11.50%	11,546	10,186	13,042
GNMA Notes	12.00%	10,170	7,758	11,702
GNMA Notes	12.50%	36,749	33,896	42,510
GNMA Notes	13.00%	2,511	2,262	2,880
GNMA Notes	13.50%	4,157	3,465	4,910
GNMA Notes	14.00%	6,016	2,441	7,126
<u>TOTALS</u>		<u>\$ 487,728</u>	<u>\$ 438,534</u>	<u>\$ 540,683</u>

All of the above are monthly principal reduction notes, with final maturity scheduled on various dates.

See independent auditor's report.

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
INVESTMENTS - U.S. GOVERNMENT AGENCY NOTES  
DECEMBER 31, 2001

SCHEDULE 8

<u>Description</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Face Value</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
FFCB Notes	03/12/04	5.625%	\$ 1,000,000	\$ 995,563	\$ 1,037,268
FHLMC Note	07/27/04	6.500%	1,500,000	1,500,000	1,500,000
FHLB Bonds	08/06/04	6.300%	1,000,000	1,000,000	1,020,503
FHLB Bonds	08/19/09	7.115%	1,300,000	1,300,000	1,357,014
FNMA Note	08/04/10	7.550%	500,000	500,000	522,466
FHLB Bonds	08/09/10	7.875%	500,000	500,000	513,819
FHLB Bonds	05/10/16	7.000%	250,000	250,000	250,771
<u>TOTALS</u>			<u>\$ 6,050,000</u>	<u>\$ 6,045,563</u>	<u>\$ 6,201,841</u>

See independent auditor's report.

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
INVESTMENTS - PREFERRED STOCK  
DECEMBER 31, 2001

SCHEDULE 9

<u>Description</u>	<u>Number of Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Virginia Electric & Power 7.15 Pfd	10,000	\$ 250,000	\$ 248,400

See independent auditor's report.

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
INVESTMENTS - COMMON STOCKS  
DECEMBER 31, 2001

SCHEDULE 10  
1 of 2

Description	Number of Shares	Cost	Fair Value
Abbott Laboratories	5,000	\$ 171,036	\$ 278,750
Agilent Technologies	4,007	152,154	114,240
Allstate Corporation	2,000	102,794	67,400
America On-Line	7,500	508,784	240,750
American Express	12,000	495,905	427,320
Amgen, Inc.	2,000	136,929	112,880
Anheuser Bush Company	6,000	96,014	271,260
AT&T Corporation	3,750	131,545	68,025
AT&T Wireless Services	1,206	37,841	17,330
BellSouth Corporation	8,500	373,346	324,275
Bristol Myers Squibb	4,000	155,700	202,880
Cleco Corporation	22,000	301,744	483,340
Cisco Systems, Inc.	10,000	510,530	181,100
Citigroup, Inc.	20,000	516,030	1,009,600
Coco Cola Company	11,000	260,811	518,650
Corning, Inc.	13,000	569,028	115,960
Cracker Barrel Country Store	7,000	197,716	206,080
Deere & Company	7,000	416,612	305,620
Electronic Data System	400	1,769	27,420
Eli Lilly and Company	7,000	259,095	549,780
EMC Corporation	12,500	577,227	168,000
Emerson Electric Company	13,000	438,751	742,300
Exxon Mobil	20,000	454,920	786,000
Federal National Mortgage Corporation	10,000	637,900	795,000
Fluor Corporation	6,000	260,667	224,400
General Electric Company	60,000	459,298	2,404,800
Gillette Company	15,000	575,142	501,000
Global Crossing, Ltd.	5,000	150,731	4,200
H. J. Heinz Company	10,000	301,274	411,200
Hershey Foods Corporation	6,000	214,320	406,200
Hewlett-Packard Company	10,000	245,603	205,400
Home Depot, Inc.	3,000	162,562	153,030
Intel Corporation	28,000	334,413	880,600
International Business Machines	24,000	497,836	2,903,128
J.P. Morgan & Co., Inc.	15,950	538,350	574,360
JDS Uniphase Corporation	13,500	750,145	117,180

See independent auditor's report.



CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
INVESTMENTS - COMMON STOCKS  
DECEMBER 31, 2001

SCHEDULE 10  
2 of 2

Description	Number of Shares	Cost	Fair Value
Johnson & Johnson	14,000	\$ 426,793	\$ 827,400
Kaiser Aluminum Corporation	20,000	233,039	32,400
Lucent Technologies, Inc.	10,000	65,845	62,900
Massey Energy	6,000	102,808	124,380
MBIA, Inc.	3,750	113,540	201,113
McData Corporation	276	9,615	6,930
MCI Group - Worldcom, Inc.	1,020	18,499	12,954
Medtronic, Inc.	16,000	222,049	818,400
Merck & Company	10,000	243,135	588,000
Merrill Lynch & Co., Inc.	5,000	349,901	260,600
Microsoft Corporation	8,000	267,063	530,000
Motorola, Inc.	18,000	317,010	270,360
Nortell Networks Corporation	8,500	143,304	63,750
Oracle Systems Corporation	9,500	191,868	131,195
Pepsico, Inc.	11,500	335,056	559,935
Pfizer	43,750	746,387	1,743,438
Pharmacia & Upjohn, Inc.	7,140	352,852	304,521
Procter & Gamble	9,500	762,272	751,735
Qwest Communications International, Inc.	10,000	268,561	141,300
Raytheon	1,008	30,074	32,730
Readers Digest Association	6,000	275,456	138,480
SBC Communications	25,212	598,766	987,554
Schlumberger, Ltd.	7,000	229,026	384,650
Target Corporation	5,000	179,112	205,250
Texas Instruments, Inc.	6,000	139,227	168,000
Tidewater, Inc.	11,000	411,273	372,900
Verizon Communications	12,200	446,536	579,012
W.M. Wrigley Company	10,000	221,048	513,700
Walt Disney Company	15,000	398,884	310,800
Weyerhauer Company	4,000	142,695	216,320
Whitney Holding Corporation	12,000	537,407	526,200
Winn-Dixie Stores, Inc.	10,000	366,637	142,500
World Com, Inc.	25,500	457,061	359,040
<b>TOTALS</b>		<b>\$ 21,597,321</b>	<b>\$ 29,167,905</b>

See independent auditor's report.

**OTHER REPORT REQUIRED BY  
GOVERNMENT AUDITING STANDARDS  
AND LOUISIANA GOVERNMENTAL AUDIT GUIDE**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees  
City of Alexandria Employees'  
Retirement System

We have audited the financial statements of the City of Alexandria Employees' Retirement System, Alexandria, Louisiana, (a pension trust fund of the City of Alexandria, Louisiana) as of and for the year ended December 31, 2001, and have issued our report thereon dated April 30, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Alexandria Employees' Retirement System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no material instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Alexandria Employees' Retirement System's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

MARVIN A. JUNEAU, C.P.A.  
H. TROY RANDOW, C.P.A.  
ERNEST F. SASSER, C.P.A.

ROBERT L. LITTON, C.P.A.  
ROBERT W. DVORAK, C.P.A.  
REBECCA B. MORRIS, C.P.A.

MICHAEL A. JUNEAU, C.P.A.  
JAMES N. BALLARD, C.P.A.  
L. PAUL HOOD, C.P.A.





PAYNE, MOORE & HERRINGTON, LLP

Board of Trustees  
City of Alexandria Employees'  
Retirement System

This report is intended for the information of the Board of Trustees, management of the City of Alexandria Employees' Retirement System, and the Legislative Auditor's Office of the State of Louisiana. This report is not intended to be, and should not be, used by anyone other than these specified parties.

*Payne, Moore & Herrington, LLP*  
Certified Public Accountants

April 30, 2002



## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2001**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

☐ yes     ☒ no

Reportable conditions identified  
that are not considered to be  
material weaknesses?

☐ yes     ☒ none reported

Noncompliance material to financial statements noted?

☐ yes     ☒ no

*Management's Summary Schedule of  
Prior Audit Findings*

None

*Management's Corrective Action Plan*

Not Applicable

*Other Comments and Recommendations*

Not Applicable

**SECTION II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

None.

**SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

Not applicable.